

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE**

**Call to Order:** By **CHAIRMAN JOHN WITT**, on January 18, 1999 at  
7:05 A.M., in Room 201 Capitol.

#### **ROLL CALL**

##### **Members Present:**

Rep. John Witt, Chairman (R)  
Sen. Tom Keating, Vice Chairman (R)  
Sen. William Crismore (R)  
Rep. Dick Haines (R)  
Sen. Linda Nelson (D)  
Rep. Joe Tropila (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Summer Alger, Committee Secretary  
Roger Lloyd, Legislative Branch  
Doug Schmitz, OBPP

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

##### **Committee Business Summary:**

Hearings: HB 2 - Dry Prairie Water Project;  
HB 2 - DNRC Budget  
Executive Action: HB 2 - DNRC Budget

#### **HEARING ON HB 2 - DRY PRAIRIE RURAL WATER PROJECT**

**{Tape : 1; Side : A; Approx. Time Counter : 0.5 → Tape : 1; Side  
: B; Approx. Time Counter : 9.4}**

**Sen. Nelson** began the meeting by introducing Rick Knick, Chairman  
of the Dry Prairie Rural Water Project.

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**Rick Knick** began with a Funding Request Summary handout which he then proceeded to cover thoroughly in his overview discussion.

**EXHIBIT (jnh13a01)**

**Sen. Keating** questioned the object of the program, which **Mr. Knick** answered was the treatment of municipal drinking water. He also replied that without EPA regulations, the drinking water still would not be good enough due to high levels of nitrates.

**Mike Watson, Project Engineer**, discussed the packet also.

**Sen. Nelson** asked **Mr. Knick** where their issue is at in Congress, and **Sen. Keating** asked about state appropriations and what the tribe is contributing. **Caleb Sheilds, Fort Peck Tribes**, replied. **Mike Watson** said that the total cost share is approximately \$1 million per year. **Sen. Nelson** then asked what the Dry Prairie Water Association was requesting from this committee, and she was referred to page 3 of the packet, under Funding Request. They want funding for pre-design and engineering items.

**Chairman Witt** questioned and found that the Governor's staff has been approached, and **Caleb Sheilds** gave a tribal view of their progress. **Sen. Nelson** asked **Mr. Knick** what would happen if Congress decided not to appropriate funds for the project and also asked for a comparison with the Northcentral Water Project. **Sen. Crismore** then asked where exactly they are at with the project, and **Rep. Haines** inquired if long-term funding would be needed. **Jack Stults** replied that funding would be \$1 million per year for 10 years, then discussed the technical and economic feasibility.

**Chairman Witt** asked **Jack Stults** if there has been any system problems or community problems. He replied yes, and that Ophiem has high Sulfates, Iron, and Magnesium levels; Scobey has high nitrate levels; and that there is also oil and gas contamination in some cases. **Sen. Keating** questioned if there is a sufficient supply of water, though contaminated. **Mr. Stults** answered yes and no (the no concerns Plentywood), and that yes, the problems are more than just with filtration. **Caleb Sheilds** gave his comments, and **Chairman Witt** asked **Jack Stults** one final question: if the core project, like Rocky Boy, would go ahead anyway, to which he replied yes.

**Roger Lloyd** commented on his handout, Differences from the Executive Budget as of 1/15/99, which reflects the action of the committee to date.

**EXHIBIT (jnh13a02)**

HEARING ON HB 2 - DNRC BUDGET - WATER RESOURCE DIVISION

*{Tape : 1; Side : B; Approx. Time Counter : 16 → Tape : 4; Side : A; Approx Time Counter : 4.1}*

**Jack Stults** passed out and commented on a budget analysis, similar to that of **Mr. Lloyd**, on the Water Resource Division, which includes total impacts to General Fund and to State Special Revenue.

**EXHIBIT**(jnh13a03)

EXECUTIVE ACTION ON HB 2 - DNRC BUDGET - WATER RESOURCE DIVISION

*{Tape : 1; Side : B; Approx. Time Counter : 21.2}*

**Motion/Vote:** REP. TROPILA moved that ITEM 1) AMENDMENT TO STATEWIDE PRESENT LAW FUNDING (\$34,304 for the biennium) BE ADOPTED. SECONDED by SEN. CRISMORE. Motion carried.

HEARING ON HB 2 - DNRC BUDGET - WATER RESOURCE DIVISION (cont'd)

New Proposals:

**Roger Lloyd** commented on LFD Issues: State Project Hydro Earnings Account on **C-160** in the LBA 2001 budget book, then discussed funding options.

DP 4

**Jack Stults** recommended that the committee drop the 2 FTE's requested in the executive budget and replace them with contracted services.

EXECUTIVE ACTION ON HB 2 - DNRC BUDGET - WATER RESOURCES DIVISION

*{Tape : 2; Side : A; Approx. Time Counter : 1.9}*

**Motion/Vote:** SEN. NELSON moved that DP 4 BE ADOPTED WITH NEW APPROPRIATION FEES AND RATHER THAN GENERAL FUND AND REPLACE THE FTE WITH CONTRACTED SERVICES AS A ONE-TIME-ONLY AND RESTRICTED APPROPRIATION. SECONDED by REP. HAINES. Motion carried 5-1 with Witt voting no.

DP 12

*{Tape : 2; Side : A; Approx. Time Counter : 3.2}*

This new proposal decision package was dropped.

DP 13

**Roger Lloyd** commented on his LFD Issues, stating that the committee may want to consider de-earmarking this account.

**Jack Stults** commented that this is the most important request, recommending that it be de-earmarked, thereby allowing the funds to flow into the General Fund.

EXECUTIVE ACTION ON HB 2 - DNRC BUDGET- WATER RESOURCES DIVISION

*{Tape : 2; Side : A; Approx. Time Counter : 7.5}*

Motion/Vote: SEN. CRISMORE moved that DP 13 BE ADOPTED, DE-EARMARKING IT, THEREBY DIRECTING LFD STAFF TO WRITE AN AMENDMENT TO HB 69 ELIMINATING THE WATER ADJUDICATION ACCOUNT AND DE-EARMARKING ANY REVENUE TO THE GENERAL FUND. SECONDED by SEN. NELSON. Motion carried unanimously.

DP 22

**Roger Lloyd** commented on his LFD Issue, then **Jack Stults** discussed the State Project Hydro Earnings Account, along with more discussion from committee.

EXECUTIVE ACTION ON HB 2 - DNRC BUDGET- WATER RESOURCES DIVISION

*{Tape : 2; Side : A; Approx. Time Counter : 21.5}*

Motion/Vote: SEN. CRISMORE moved that DP 22 BE ADOPTED AS ONE-TIME-ONLY AND RESTRICTED. SECONDED by SEN. NELSON. Motion carried unanimously.

Motion/Vote: SEN. CRISMORE moved that DP 22 BE AMENDED TO INCLUDE BIENNIAL REQUESTS. SECONDED by SEN. NELSON. Motion carried unanimously.

DP 26

**Jack Stults** commented and **Roger Lloyd** withdrew his LFD Issues.

EXECUTIVE ACTION ON HB 2 - DNRC BUDGET- WATER RESOURCES DIVISION

*{Tape : 2; Side : B; Approx. Time Counter : 0.9}*

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**Motion/Vote:** SEN. CRISMORE moved that DP 26 BE ADOPTED. SECONDED by REP. TROPILA. Motion carried 5-1 with Witt voting no.

**DP 28**

**Jack Stults** commented that General Fund is not a match for Fed funds. **Director Clinch** then discussed the issue further with the committee. **Rep. Tropila** asked if this request could be restricted and one-time-only also, which was alright with the division.

**EXECUTIVE ACTION ON HB 2 - DNRC BUDGET - WATER RESOURCES DIVISION**

*{Tape : 2; Side : B; Approx. Time Counter : 7.8}*

**Motion/Vote:** REP. TROPILA moved that DP 28 BE ADOPTED AS ONE-TIME-ONLY AND RESTRICTED. SECONDED by SEN. CRISMORE. Motion carried unanimously.

**DP 33**

**Jack Stults** commented that this would be a biennial appropriation, and **Chairman Witt** questioned if the division agrees with **Roger Lloyd's** LFD Issue concerning the requested funds for projects and those for litigation. **Mr. Stults** replied that the money for litigation would be less. There was further discussion of the budget request between **Rep. Tropila**, **Mr. Lloyd**, and **Mr. Stults**.

**EXECUTIVE ACTION ON HB 2 - DNRC BUDGET - WATER RESOURCES DIVISION**

*{Tape : 2; Side : B; Approx. Time Counter : 18.2}*

**Motion/Vote:** SEN. NELSON moved that FULL APPROPRIATION OF DP 33 BE ADOPTED AS A BIENNIAL APPROPRIATION, ALSO AS ONE-TIME-ONLY AND RESTRICTED. SECONDED by SEN. CRISMORE. Motion carried 5-1 with Witt voting no.

**Language**

**Jack Stults** discussed the Language Appropriation requests on **C-159** and **C-160** of the LBA 2001 budget book. **Roger Lloyd** discussed Table 6 on **C-130** of the LBA 2001 budget book, which lists all of the language appropriations being requested by the DNRC.

LA 1

Failed for lack of motion by committee.

LA 2

**Mr. Stults** discussed the second language request, while answering questions from **Sen. Keating** and **Chairman Witt** on where the funds come from and what happens to the interest income.

EXECUTIVE ACTION ON HB 2 - DNRC BUDGET- WATER RESOURCES DIVISION

*{Tape : 3; Side : A; Approx. Time Counter : 2.9}*

Motion/Vote: **SEN. KEATING** moved that **LA 2 BE ADOPTED. SECONDED** by **SEN. CRISMORE**. Motion carried unanimously.

LA 3

**Mr. Stults** discussed the third language request, while **Mr. Lloyd** commented and replied **Sen. Keating** that this is a bond resolution not in statute, and that the account is capped at \$1 million.

EXECUTIVE ACTION ON HB 2 - DNRC BUDGET- WATER RESOURCES DIVISION

*{Tape : 3; Side : A; Approx. Time Counter : 7}*

Motion/Vote: **SEN. KEATING** moved that **LA 3 BE ADOPTED. SECONDED** by **SEN. CRISMORE**. Motion carried unanimously.

LA 4

**Mr. Stults** and **Mr. Lloyd** discussed the last language request, and answered questions from **Sen. Keating** and **Sen. Crismore** with the help of **Director Clinch**.

EXECUTIVE ACTION ON HB 2 - DNRC BUDGET- WATER RESOURCES DIVISION

*{Tape : 3; Side : A; Approx. Time Counter : 23.9}*

Motion/Vote: **SEN. CRISMORE** moved that **LA 4 BE ADOPTED. SECONDED** by **SEN. KEATING**. Motion carried 5-1 with Witt voting no.

Recess @ 9:27am *{Tape : 3; Side : A; Approx. Time Counter : 27.9}*

**Gloria Paladichuk** addressed the committee on the support of Richland Economic Development for DNRC's funding request for two irrigation development specialists along with administrative and support person.

Recess @ 9:43am *{Tape : 3; Side : A; Approx. Time Counter : 30.2}*

The committee reconvened to discuss Language Appropriation requests on **C-151** of the LBA 2001 budget book in the Conservation and Resource Development Division.

**LA 1**

**Roger Lloyd** commented that this language request had already been approved.

**LA 2**

**Mr. Lloyd** commented on the LFD Issues, and **Ray Beck** commented on the Rangeland Loans Program. **Anna Miller** responded to questions from **Sen. Keating** on the source of the loan money, how much of the account now has been generated from loans, if there are any loan defaults, and how much is outstanding. **Sen. Keating** then commented that the account ought to be available for loans.

**EXECUTIVE ACTION ON HB 2 - DNRC BUDGET- WATER RESOURCES DIVISION**

*{Tape : 3; Side : B; Approx. Time Counter : 12.3}*

**Motion/Vote:** **SEN. KEATING** moved that **LA 2 BE ADOPTED. SECONDED** by **SEN. CRISMORE**. Motion carried unanimously. \*Sen. Nelson absent during vote.

**LA 3**

**Ray Beck** gave his comments on the request.

**EXECUTIVE ACTION ON HB 2 - DNRC BUDGET- WATER RESOURCES DIVISION**

*{Tape : 3; Side : B; Approx. Time Counter : 13.6}*

**Motion/Vote:** **SEN. KEATING** moved that **LA 3 BE ADOPTED. SECONDED** by **REP. HAINES**. Motion carried unanimously. \*Sen. Nelson absent during vote.

**Anna Miller** questioned **Roger Lloyd** on Language Appropriation 7, Money in water pollution SRF loan loss account planning grants,

on **C-130** of the LBA 2001 budget book. **Director Clinch** commented as well (Later discussions on this item indicated it was in error and was not included in the executive budget).

**HEARING ON HB 2 - DNRC BUDGET - RESERVED WATER RIGHTS COMPACT  
COMMISSION**

**{Tape : 3; Side : B; Approx. Time Counter : 19.5 → Tape : 4;  
Side : B; Approx. Time Counter : 4.1}**

**Sen. Swysgood, District 17**, on behalf of the Reserved Water Rights Compact Commission, requested 1.00 additional FTE, an Ag Civil Engineer, for a total of \$94,236 for the biennium (\$45,531 for salary & benefits in FY2000 and \$45,205 in FY2001, and \$3,500 for office supplies). This is not one-time-only because it is to be an ongoing position. **Director Clinch** added clarification.

**Chris Tweeten** and **Susan Cottingham** represented the Reserved Water Rights Compact Commission to the committee. **Mr. Tweeten** discussed the commission background and gave a general overview. He addressed reserved water rights, commission make-up, and Tribal negotiations. **Ms. Cottingham** commented that Montana is the only state that has a Compact Commission. She then discussed a portion of the budget while passing out a sheet on the RWRCC request for an additional FTE, which **Sen. Swysgood** presented earlier.

**EXHIBIT (jnh13a04)**

**Sen. Keating** asked if the commission has any involvement in the Northcentral and Dry Prairie Rural Water Projects, to which the reply was no. **Mr. Tweeten** commented on the Rocky Boys Reservation, and **Sen. Keating** inquired if the commission is heading off the expense of state litigation, to which the reply was yes.

Discussion of the requested FTE and "snapshot", with 2.7% vacancy, commenced, leading **Doug Schmitz** and **Roger Lloyd** to comment on vacancy savings.

**Rep. Haines** inquired if the commission had looked at the pluses and minuses of contracting with a consulting firm, to which the commission responded no, because they have had great success with their own civil engineer. **Mr. Tweeten** commented that contracting is not as good as in-house FTE, then **Director Clinch** added his comments to the discussion.

**EXECUTIVE ACTION ON HB 2 - DNRC BUDGET - RESERVED WATER RIGHTS  
COMPACT COMMISSION**



*{Tape : 4; Side : A; Approx. Time Counter : 19.5}*

**Motion/Vote:** REP. TROPILA moved that THE ADDITION OF 1.00 FTE TO THE BUDGET AS RECOMMENED BY SEN. SWYSGOOD OF \$94,236 FOR THE BIENNIUM BE ADOPTED. SECONDED by SEN. KEATING. Motion carried unanimously.

Roger Lloyd commented on the Present Law Adjustments on C-162 of the LBA 2001 budget book, then Chairman Witt asked about FTE's and found that the commission does not share FTE's with anyone, though, it does a lot of cooperative work.

**EXECUTIVE ACTION ON HB 2 - DNRC BUDGET - RESERVED WATER RIGHTS  
COMPACT COMMISSION**

*{Tape : 4; Side : B; Approx. Time Counter : 1.8}*

**Motion/Vote:** SEN. KEATING moved that DP 21, DP 2502, AND DP 2503 BE ADOPTED. SECONDED by SEN. CRISMORE. Motion carried unanimously.

Break @ 10:50am *{Tape : 4; Side : B; Approx. Time Counter : 4.1}*

**HEARING ON HB 2 - DNRC BUDGET - FORESTRY DIVISION**

*{Tape : 4; Side : B; Approx. Time Counter : 4.1 → Tape: 5; Side : B; Approx. Time Counter : 12.5}*

Don Artley, Administrator, Forestry Division, gave the division overview presentation. He began with the FY1998 base budget, moved on through the various division programs, answering various questions from the committee, and ended the first part of the presentation with a discussion on MT Volunteer Fire Assistance Grant Allocations.

**ADJOURNMENT**

Adjournment: 12:01 P.M.

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REP. JOHN WITT, Chairman

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SUMMER ALGER, Secretary

JW/SA

**EXHIBIT** (jnh13aad)